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IN THE
Supreme Court of the United States

VICTOR MOSELEY AND CATHY MOSELEY
d/b/a VICTOR'S LITTLE SECRET,

Petitioners,

v.

V SECRET CATALOGUE, INC.,
VICTORIA'S SECRET STORES, INC., and
VICTORIA'S SECRET CATALOGUE, INC.,

Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

BRIEF OF AMICUS CURIAE THE INTERNATIONAL TRADEMARK ASSOCIATION IN SUPPORT OF RESPONDENTS

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INTRODUCTION

The International Trademark Association (INTA),[1] having obtained consent of the parties pursuant to Rule 37.3 of the Rules of this Court,[2] files this brief as amicus curiae. INTA submits that the Court of Appeals below correctly affirmed an injunction under the Federal Trademark Dilution Act (FTDA) to prevent loss of trademark distinctiveness where, irrespective of actual harm, there is substantial association between a junior use and a famous mark.

STATEMENT OF INTEREST OF THE AMICUS CURIAE

INTA is a not-for-profit organization of over 4,100 members, including trademark owners, law firms, advertising agencies, packaging companies and professional associations from the United States and over 150 other countries. All share goals of emphasizing the importance of trademarks, and of promoting an understanding of the role marks play in informed consumer decisions, effective commerce, and fair competition. INTA members frequently participate in trademark litigation, and are thus interested in the development of clear principles of trademark law. INTA has substantial expertise in trademark law and has participated as amicus curiae in cases involving important trademark issues.[3]

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[1] This brief was not authored, in whole or in part, by counsel to a party and no contribution to its preparation or submission was made by any person or entity other than INTA or its counsel. Respondents' parent, Limited Brands, is a member of INTA; petitioners are not. The law firms representing both petitioners and respondents are associate members of INTA, but have not participated in the decision to submit this brief, in its preparation, or in its submission.

[2] The written consents have been filed with the Clerk with this brief.

[3] Cases in which INTA has filed as amicus include: *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001); *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205 (2000); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992); and *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281 (1988).

INTA was founded in 1878 as the United States Trademark Association, in part to support passage of a federal trademark act after invalidation on constitutional grounds of the nation's first trademark law. INTA has been active in providing assistance to Congress in connection with trademark legislation, including the legislation at issue. *See* Trademark Review Commission of the United States Trademark Association (Trademark Review Commission), *Report and Recommendations to USTA President and Board of Directors*, 77 TRADEMARK REP. 375, 457 (1988).

The question on which certiorari was granted provides the Court with an opportunity to clarify circumstances under which federal protection against dilution should be afforded to owners of famous and distinctive marks for investments in their marks and the substantial benefits they afford to consumers. Two federal circuits have held that owners proceeding under the FTDA must adduce proof of actual harm to be entitled to relief.[4] Three circuits, including the Court of Appeals below, have held that relief may lie under the FTDA if the "distinctiveness of the mark is diminished."[5]

SUMMARY OF THE ARGUMENT

Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c) (2000), provides that the "[t]he owner of a famous mark shall be entitled … to an injunction against another person's commercial use of a mark … [that] causes dilution of the distinctive quality of the famous mark." The Court of Appeals for the Fourth Circuit reads the section to require "actual harm to … economic value": *i.e.*, "an actual lessening of the [famous] mark's selling power, expressed as 'its capacity to identify

[4] *See Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658 (5th Cir. 2000); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 170 F.3d 449 (4th Cir. 1999).

[5] *See V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464 (6th Cir. 2001); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456 (7th Cir. 2000); *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999).

and distinguish goods or services.'" *Ringling Bros. v. Utah*, 170 F.3d at 453, 458.

As the Fourth Circuit has noted, section 43(c) does not contain the phrase "likelihood of dilution" that appeared in many state statutes at the time the FTDA was enacted. Of greater import, section 43(c) does not refer to "actual harm" or to an "actual lessening" of selling power – and none of the principles of statutory construction that petitioners espouse mandate adding those words to give plain meaning to the law. To the contrary, as the Court of Appeals below observed, "we find it highly unlikely that Congress would have intended to create [a dilution remedy] but then make its proof effectively unavailable." *V Secret v. Moseley*, 259 F.3d at 476.

Section 43(c) must thus be more carefully read together with section 45, 15 U.S.C. § 1127 (2000), defining dilution as the "lessening of the capacity of a famous mark to identify and distinguish goods." As Congress noted in enacting the FTDA, BUICK aspirin is "actionable" under the statute because, instantly, BUICK would no longer uniquely "identify" fine automobiles – its "capacity" to "distinguish" would be "lessen[ed]." Without context, consumers could not know to which of two different products a use of BUICK referred.

By insisting on proof of actual harm, the Fourth Circuit fails to appreciate both: (i) the evolved meaning of the word "dilution" itself, particularly as used in relationship to the "distinctive quality of" a mark; and (ii) the inherent logic of the Lanham Act. Under each, the "capacity of a famous mark to identify" is inherently "lessen[ed]" (to the detriment of owners **and consumers**) when the mark is substantially associated with a junior use. Dilution "differs materially from … orthodox confusion"; it is a separate legal concept in which both likely and, ultimately, actual harm are subsumed.

Finally, petitioners invoke throughout their brief the "evils" of "property rights in gross" in marks, and assert that

dilution has no precursor in the law. As to the first, they refer to obsolete economic principles, rejected by Congress and this Court – both of which appreciate that trademarks enhance consumer efficiency and promote quality. As to the second, they ignore proscriptions against misappropriation that buttress dilution's basic tenets.

ARGUMENT

I. The Meaning of the Word Dilution

A. Historical Origins

The concept of dilution finds its well-spring in a 1927 article by Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927), in which the author set forth a staircase of trademark propositions, rising from the generally accepted to the then theoretical:

1. to merit protection, a trademark owner in the 1920s was required to show "concrete injury," usually in the form of a "diversion of custom," *id.* at 821;
2. Schechter deemed such a limitation appropriate for "one who takes a [common] phrase like 'Blue Ribbon' or 'Gold Medal' [and thus must] be content with [relief only in] that special field which he labels with so undistinctive a name," *id* at 827;
3. in Schechter's view, however, "arbitrary, coined or fanciful marks[, added to, not withdrawn from the vocabulary,] should be given a much broader degree of protection," *id.* at 828-29;
4. many such marks, *e.g.*, KODAK, "imprint[] upon the public mind an anonymous … guarantee of satisfaction," and thus serve to "sell" the goods on which they are used, *id.* at 819;
5. "self-evidently, [then only to Schechter,] the more distinctive the mark, the more effective is its selling power," *id.* at 819; and
6. "[t]he real injury [from a junior use of a singular mark is thus] the gradual whittling away … of the identity

> and hold upon the public mind of the name…. The more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used." *Id.* at 825.

As Schechter concluded:

> [T]he value of the modern trademark lies in its selling power [which] depends for its psychological hold upon the public, not merely upon the merit of the goods upon which it is used, but equally upon its own … singularity; ... such … singularity is vitiated or impaired by its use [by another]; and ... the degree of its protection depends in turn upon the extent to which, through the efforts or ingenuity of its owner, it is actually unique and different from other marks.

Id. at 831. Under Schechter's incipient construct, dilution begins when uniqueness begins to end. The concept, to Schechter, was a "gradual" phenomenon, not one that immediately flowered into actual harm. *Id.* at 829-30.

B. Evolution of the Doctrine

Introduced into a hostile climate,[6] dilution did not attract immediate support. At the state level, it was not legislatively endorsed for twenty years,[7] and various courts imposed "extra-textual" conditions for relief: *e.g.*, in an early ruling as to the New York statute, which specifically dispensed with the need to prove likely confusion, a district court nonetheless insisted on such a showing, and added a requirement that there be "unfair intent on the defendant's part."[8]

Nonetheless, traces of Schechter's theory gradually

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[6] *See* the discussion of "Harvard school economics" in § III *infra*.

[7] The first statute now appears as MASS. GEN. LAWS ch. 110B, § 112 (West 2001) .

[8] *Haviland & Co. v. Johann Haviland China Corp.*, 269 F. Supp. 928, 957 (S.D.N.Y. 1967).

permeated the law. For example, whereas Schechter posited in 1927 that "the true functions of the trademark" are to create "in the public consciousness an impression or **symbol of ... excellence**,"[9] Judge Learned Hand wrote in 1928 that:

> [I]t has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. His mark is his **authentic seal**; ... it carries his name for good or ill. If another uses it, he **borrows the owner's reputation**, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its ... creator, and another can use it only as a mask.[10]

In a like expression of trademark benefits that extend beyond identifying source, Justice Frankfurter observed in 1942 that:

> The protection of trade-marks is the law's recognition of the psychological function of symbols. A trademark is a merchandising short-cut which ... [t]he owner ...exploits ... by making every effort to impregnate the atmosphere of the market with the **drawing power of a congenial symbol**. Whatever the means employed, the aim is the same – to convey through the mark, in the minds of customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another **poaches upon the commercial magnetism** of the symbol he has created, the owner can obtain legal redress.[11]

In the 1960s and 1970s, courts also began to focus more on the significance of brand strength, an ingredient that, combined with singularity, is an essential predicate to any claim for dilution protection:[12]

> a mark ... strong because of its fame or its uniqueness, is **more likely to be remembered** and more likely to be associated in the public mind with a greater breadth of products..., than is a mark that is weak because relatively unknown or very like similar marks or very like the name of the product.[13]

Similarly, Schechter's affinity for "arbitrary, coined or fanciful marks" was judicially adopted in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1976), and in 1977, dilution as formulated by Schechter received a ringing endorsement from the New York Court of Appeals in *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 369 N.E.2d 1162 (N.Y. Ct. App. 1977):

> The evil [is] ... a cancer-like growth of dissimilar products ... which feeds upon the business reputation of an established distinctive trade-mark or name.... The harm [dilution] is designed to prevent is the gradual whittling away of a firm's distinctive trade-mark or name. It is not difficult to imagine the possible effect which the **proliferation** of various noncompetitive businesses utilizing the name Tiffany's would have upon the public's association of the name Tiffany's solely with fine jewelry. The **ultimate effect** has been appropriately termed dilution.

Id. at 1165-66 (emphasis added) (citations omitted).[14]

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[9] 40 HARV. L. REV. at 818, 829 (emphasis added).

[10] *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 974 (2d Cir. 1928) (emphasis added).

[11] *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942) (emphasis added).

[12] A mark circulating "only in a limited market" is unlikely "to be associated generally" with a mark "circulating elsewhere." *Mead Data Central v. Toyota Motor Sales, USA, Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989). *See also Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 875 (9th Cir. 1999) (dilution limited to marks with "powerful consumer associations").

[13] *James Burrough Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266, 276 (7th Cir. 1976) (emphasis added).

[14] For the "ultimate effect," *see* Jacob Jacoby, *The Psychological Foundations of Trademark Law: Secondary Meaning, Genericism, Fame,*

Finally, in 1987, dilution theory was adopted as to the OLYMPIC mark in *San Francisco Arts & Athletics, Inc. v. U.S. Olympic Committee*, 483 U.S. 522 (1987):

> Th[e] legislative history [of the Amateur Sports Act] demonstrates that Congress intended to provide the USOC with exclusive control of the use of the word "Olympic" without regard to whether an unauthorized use … tends to cause confusion.

Id. at 530. As its rationale, the Court observed, partially in Schechter's words, that when a mark:

> acquires value "as the result of organization and the expenditure of labor, skill, and money" by an entity, that entity constitutionally may obtain a limited property right in the word. . . . Because Congress reasonably could conclude that the USOC has distinguished the word "Olympic" through its own efforts, Congress' decision to grant the USOC a limited property right in the word "Olympic" falls within the scope of trademark law protection, and thus within constitutional bounds. . . . [Congress] also could determine that unauthorized uses, even if not confusing, nevertheless may harm the USOC by **lessening the distinctiveness and thus the commercial value** of the marks. See Schechter, The Rational Basis of Trademark Protection, 40 Harv. L. Rev. [at 825] (one injury to a trademark owner may be "the gradual whittling away … of the mark").

Id. at 532-39 (emphasis added) (quoting *Int'l News Serv. v. Assoc. Press*, 248 U.S. 215 (1918) and *Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562 (1977)).

Dilution is thus hardly a "radical" remedy. Schechter's concepts, indeed, are now fixed in trademark wisdom:

> If the owner of KODAK should permit its use by others on washing powders … or cosmetics, or if The Coca-Cola Company should permit … COKE to be used for rain coats … or jewelry not of its manufacture, it would not take long for even these giants in the trademark world to be reduced to pigmy size.

Amstar Corp. v. Domino's Pizza, Inc., 615 F.2d 252, 259 (5th Cir. 1980) (internal quotation marks omitted).

C. Evolution of the FTDA

In 1987, the Trademark Review Commission, noting the language in *Mishawaka* and *U.S. Olympic Committee*, reported that "positive decisions on dilution laws in recent years make adoption of a federal law timely," 77 TRADEMARK REP. at 456, and proposed language similar to that now appearing in the Lanham Act: *e.g.*, that a "famous" mark be afforded protection against use that "causes dilution of [its] distinctive quality" – *i.e.*, that "lessen[s its] capacity … to identify and distinguish goods." *Id.* at 458. Only in one **substantive** respect did the Commission reflect an intent to depart from INTA's then Model State Trademark Act:[15]

Confusion and Dilution, 91 TRADEMARK REP. 1013, 1049 (2001):

> Cognitive psychological research on what has been termed the "fan effect" … supports the concept of dilution. Think of [a] hub containing the name Tiffany joined by a spoke to a circle containing the information "an up-scale retailer of silver, crystal and jewelry on New York's Fifth Avenue"…. The "fan" associated with this famous mark is described as having a single spoke.
>
> Now consider that, sometime later, the consumer attaches to this same hub (the name Tiffany) a second spoke leading to another circle, this one containing the information "an up-scale furrier." This "fan" is described as having a spoke of two. Suppose, further, the same hub later acquires a third spoke leading to the information "a retailer of fine inlaid wood floors."
>
> Considerable psychological research reveals that as the number of spokes increases, the speed and cognitive ease with which the individual is able to connect the hub (Tiffany) with the original information ("an up-scale retailer of silver, crystal and jewelry on New York's Fifth Avenue") decreases. This is the essence of … "the lessening of the capacity of a famous mark to identify goods…."

Actual harm from the first use would be elusive, but it, and the "ultimate effect" of multiple uses, would lessen Tiffany's uniqueness and value.

[15] As of 1987, the Model Act provided that "[l]ikelihood of injury to

whereas the Model Act encompassed the "distinctive quality" of **any** mark, the Commission limited the FTDA's reach only to marks in "substantially exclusive use and … well known throughout a substantial portion of the United States." *Id.* at 459.[16] In **all other respects**, the Commission resolved to "augment[]" state dilution laws to the end that "the extraordinarily valuable 'commercial magnetism' inherent in distinctive trademarks … be protected from commercial incursion." *Id.* at 455-56.

D. Legislative History of Section 43(c)

Whether as a consequence of First Amendment concerns, or "horse-trading,"[17] the FTDA failed enactment in 1987, and (apart from being incorporated in a revised Model Act[18]) the proposal lay dormant for eight years. In 1995, however, with provisions to address free speech interests,[19] dilution's proponents pressed again for added protection of famous, unique marks, and succeeded.

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business reputation or of dilution of the distinctive quality of a mark … shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion…." Trademark Review Commission, 77 TRADEMARK REP. at 454.

[16] For the most recent interpretation of the FTDA's limited scope, *see Toro Co. v. ToroHead, Inc.*, 61 U.S.P.Q.2d 1164, 1180-81 (T.T.A.B. 2001).

[17] Jerome Gilson, *A Federal Dilution Statute: Is It Time?*, 83 TRADEMARK REP. 108, 114-15 (1993).

[18] In 1992, the Model Act was amended to parallel the proposed FTDA: "The owner of a [famous] mark … shall be entitled … to an injunction against another's use of a mark … which causes dilution of the distinctive quality of the owner's mark…."

[19] Section 43(c)(4) provides that the following shall not be actionable:

> (A) Fair use of a famous mark by another person in comparative commercial advertising or promotion…
>
> (B) Noncommercial use of a mark;
>
> (C) All forms of news reporting and news commentary.

15 U.S.C. § 1125(c)(4) (2000). Courts routinely interpret dilution statutes to protect free speech interests. *See, e.g., Stop the Olympic Prison v. United States Olympic Committee*, 489 F. Supp. 1112 (S.D.N.Y. 1980).

Although concise, the legislative history of section 43(c) is clear. In proscribing use that "causes dilution" by "lessening" the capacity to identify, Congress prescribed a remedy along New York/*Allied* lines:

> The protection of marks from dilution differs from the protection accorded marks from … infringement. Dilution does not rely upon the standard test of infringement, that is, likelihood of confusion…. Rather, it applies when the unauthorized use of a famous mark reduces the public's perception that the mark signifies something unique, singular, or particular. As summarized in one decision:
>
> > Dilution is an injury that differs materially from that arising out of the orthodox confusion. Even in the absence of confusion, the potency of a mark may be debilitated by another's use. This is the essence of dilution. Confusion leads to **immediate injury**, while dilution is an infection, which if allowed to spread, will **inevitably destroy** the advertising value of the mark.[20]

Id. at 1030 (emphasis added). The case "summarized" was *Mortellito v. Nina of California, Inc.*, 335 F. Supp. 1288 (S.D.N.Y. 1972), and Congress specifically noted, as had the New York legislature,[21] that "DUPONT shoes, BUICK aspirin and KODAK pianos would be actionable under this legislation" – not because of "actual harm," but because such uses lessen the "capacity" of the mark to identify goods, and reduce "the public's perception that the mark signifies something … singular." KODAK pianos, incipiently, "causes dilution of the distinctive quality of [KODAK]" for film.

E. Historical Summary

To repeat, dilution is not a radical idea. It is rather an evolved expression of economic and common sense:

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[20] H. R. REP. NO. 104-374 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029.

[21] *See Mead v. Toyota*, 875 F.2d at 1031.

> A [famous] trademark seeks to economize on information costs by providing a **compact, memorable, and unambiguous** identifier of a product. The economy is less when, because the trademark has **other associations**, a person seeing it must think for a moment before recognizing it as the mark of the product.

Richard A. Posner, *When Is Parody Fair Use?*, 21 J. LEGAL STUD. 67, 75 (1992) (emphasis added).

To illustrate, if a junior user promotes SONY as a trademark for bleach:

> the consumer would know that there are two companies using the Sony brand. One markets bleach and one markets consumer electronics. The issue is whether, at the time of exposure to the brand name, there is sufficient cuing whereby the individual would know perceptually to which of the two Sony products the word Sony is referring.[22]

The instant result would be "dissonance," like that induced by "selling cat food under the name 'Romanoff,'"[23] and SONY would "bring to mind two products, not one."[24] On hearing the word, consumers could not register an immediate impression favorable to the electronics firm, but would have to await context to ascertain if another commodity was being touted. SONY would lose "advertising value."[25]

In 1927, Schechter's proposition that "the more distinctive the mark, the more effective its selling power" was theoretical. Today, it is marketing mantra that, for both owners **and consumers**: (i) "brands with distinctive personalities have advantages so long as the personality remains

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[22] Alexander F. Simonson, *How and When Do Trademarks Dilute: A Behavioral Framework to Judge "Likelihood" of Dilution*, 83 TRADEMARK REP. 149, 156 (1993).

[23] *Exxon Corp. v. Exxene Corp.*, 696 F.2d 544, 550 (7th Cir. 1982).

[24] *Mattel, Inc. v. MCA Records, Inc.*, 2002 U.S. App. LEXIS 14821, at *19 (9th Cir. 2002) (posing TYLENOL snowboards).

[25] *See Dreyfus Fund Inc. v. Royal Bank of Canada*, 525 F. Supp. 1108, 1115 (S.D.N.Y. 1981).

distinctive," Gregory S. Carpenter, Rashi Glazer & Kent Nakamoto, *Market-Driving Strategies, in* KELLOGG ON MARKETING 114 (2000); and (ii) "a strong, coherent brand identity and position is easier to remember." DAVID A. AAKER, BUILDING STRONG BRANDS 203 (1996).

Indeed, "the signal value of [any] stimulus is directly related to its singularity; … a unique signal can carry more information; and … with multiple uses, a signal's strength gradually fades into background white noise."[26] As even dilution's critics note: "the greater the number of associations a word has (the less distinctive it is) the more difficult it is for the individual initially to encode the word in memory or later to recall the word."[27]

"**[O]ther associations,**" as Judge Posner notes, are thus the **essence** of dilution.[28] The Lanham Act does not require "proof of an actual lessening of the strength of the famous mark: only that there is a lessening of the capacity … of the mark to be strong as a commercial … identifier."[29] As the DUPONT, BUICK and KODAK examples illustrate, **other associations** inherently lessen a famous mark's capacity "to identify and distinguish goods." Dilution, indeed, is now an empirically sustainable fact.[30]

From the history of the dilution concept, therefore, six irrefutable propositions emerge:

1. The concept of "likelihood" is subsumed in dilution's definition by Schechter and by the New York

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[26] Jerre B. Swann, *Dilution Redefined for the Year 2002*, 92 TRADEMARK REP. 585, 612 (2002).

[27] Jonathon Moskin, *Dilution or Delusion: Rational Limits of Trademark Protection*, 83 TRADEMARK REP. 122, 136 (1993) (citing Joan Meyers-Levy, *The Influence of a Brand Name's Association Set Size and Word Frequency on Brand Memory*, 16 J. CONSUMER RES. 197, 198 (1989)).

[28] A junior use must "conjure an association with the senior." *Nabisco v. PF Brands*, 191 F.3d at 218.

[29] 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:94 (4th ed. 1996).

[30] *See* Swann, *Dilution 2002*, 92 TRADEMARK REP. at 622-24.

Court of Appeals in *Allied*.

2. Both were concerned with the "whittling away" of distinctiveness; they focused not on immediate harm from another's use, but on the "ultimate affect" of accumulated uses.[31]

3. In proposing a prohibition of uses that "cause[] dilution of the distinctive quality" of a famous mark,[32] neither INTA nor Congress[33] intended to revert to a "concrete injury" standard.

4. Rather, in ultimately adopting INTA's words, Congress aligned itself with the New York model.

5. Another's use does not itself necessarily cause "immediate injury"; rather, it initiates a "spread[ing infection that] ... inevitably" destroys the value of the mark. KODAK pianos would thus "be actionable," not because of a "concrete injury" that impacted sales, but because the owner of KODAK for film is entitled to preserve its unique "aura."[34]

6. Another's **associated** use necessarily "reduces the public's perception that the mark signifies something unique":[35] "another person's commercial use of a [famous] mark [inherently] causes dilution" by "lessening" the mark's distinctive quality.

The Solicitor General is thus correct in noting that "when the BUICK mark is used to identify aspirin, it is reasonable to infer that some number of consumers would associate the BUICK mark not only with cars, but with aspirin,

[31] 369 N.E.2d at 1166. In thus suggesting that no state has "employed Schechter's formulation," both the Petitioners, Petitioners' Brief at 33, and the Fourth Circuit, 170 F.3d at 454, are in error.

[32] Trademark Review Commission, 77 TRADEMARK REP. at 458.

[33] If Congress is charged with knowing that "likelihood" appeared in the Model Act, it must also have known that INTA, the author of both that act and of the language "causes dilution," intended to "augment" the dilution concept, not to confine it to instances of "actual harm."

[34] H.R. REP. NO. 104-373, at 3, 1995 U.S.C.C.A.N. at 1030.

[35] *Id.*, 1995 U.S.C.C.A.N. at 1030.

lessening [its] capacity ... to serve as and **exclusive identifier** of cars." Brief for the United States at 20 (emphasis added). The Solicitor General is also correct in noting that:

> Marks that have substantial similarities to a famous mark may also have substantial differences, and those differences may lead consumers to view the marks as two distinct marks that stand for two entirely different sets of goods and services. When that happens, the famous mark retains the same capacity to identify....

Id. at 18. **Substantial** association is dilution's *sine qua non*.[36]

The Solicitor General strays, however, in insisting on surveys that show **more** than a diminution of a famous mark's uniqueness – in demanding, *e.g.*, surveys that prove an actual, immediate impact on the brand's reputation or the recall of its attributes. *Id.* at 22-23. While there is strong empirical evidence that the speed and accuracy of brand information retrieval is impaired when a junior use is associated with a senior,[37] dilution is triggered by association **alone**: "The distinctiveness of the mark is diminished if the mark no longer brings to mind the senior user **alone**."[38]

KODAK pianos, for example, may not instantly impede the reputation or recall of KODAK for film, or result in attribute overlapping (consumers thinking of music on seeing KODAK for film).[39] KODAK pianos nonetheless would be "actionable" because it would instantly lessen the mark's distinctiveness (its **singularity**) for film, and KODAK would be more exposed to **accumulated** uses for "washing powders

[36] *Pharmacia Corp. v. Alcon Labs., Inc.*, 201 F. Supp. 2d 335, 380-81 (D.N.J. 2002) (14% association insufficient).

[37] Maureen Morrin & Jacob Jacoby, *Trademark Dilution: Empirical Measures for Elusive Concepts*, 19 J. PUB. POL'Y & MKTG. 265 (2000).

[38] *Mattel v. MCA*, 2002 U.S. App. LEXIS 14821, at *17 (emphasis added).

[39] "Blurring of the mental associations evoked by a mark [is] not easily sampled by consumer surveys." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. (f).

[and] cosmetics," further eroding its "capacity to identify."[40]

An "actual-impact/harm-survey" imperative would thus introduce *ex post* what the Solicitor General concedes *ex ante* is unnecessary.[41] Rather, proof of dilution as a consequence of **substantial** association may take many forms:

1. It may be obvious, as in the BUICK aspirin example.
2. It may be admitted, as in *Eli Lilly v. Natural Answers*, 233 F.3d at 460, where HERBOZAC was "chosen to call to mind the function" of PROZAC.
3. It may flow from a rigorous examination of market factors, as occurred below and in *Nabisco v. PF Brands,* 191 F.3d at 217-22.
4. It may be aided by an association test ("What other marks, if any, does this mark bring to mind?").[42]

[40] As noted by a member of the Trademark Review Commission, "[t]he theory of dilution by blurring is that if one small user can blur the sharp focus of the famous mark to **uniquely signify** one source, then another and another ... will do so. Like being stung by a hundred bees, significant injury is caused by the cumulative effect, not by just one. 4 MCCARTHY, TRADEMARKS, § 24:94 (emphasis added).

[41] Worse, because the format of such surveys inherently juxtaposes two marks, they may result in a finding of association that, in the real world, does not exist. A researcher, for example, can expose a control cell of respondents to a little-known mark, ACCEL for computers; test the speed and accuracy of its recall; then expose a test cell of respondents to both ACCEL for computers and ACCEL for jeans; and establish that there is more interference than would arise if AVON for cosmetics is exposed to AVON for health spas. Morrin & Jacoby, *Dilution*, 19 J. PUB. POL'Y & MKTG. at 273. "For dilution purposes, however, Accel does not possess fame and 'distinctiveness' vis-à-vis other marks.... There is no *abstract association* between Accel for computers and Accel for jeans, only *artificial association* created in a research environment." Swann, *Dilution 2002*, 92 TRADEMARK REP. at 619. If, on the other hand, marks are not juxtaposed in the study, the Solicitor General's formats would require the junior use to be of such intensity and duration in the market as to have actually altered the senior – a condition at odds with the incipiency concept.

[42] Since PEPSI can bring COKE to mind, the Solicitor General questions such studies. Brief for the United States at 19. In doing so, he fails to appreciate the difference between **product category** and **brand** dilution.

It is true, of course, that the word "likelihood," in INTA's first Model Act, is omitted from the current statute. It is also true, in plain English, that a drop of iodine "causes dilution" to a gallon of pure water – without "actual harm" to its potability. Dilution, as evolved, truly is:

> like the pollution of a lake. If everyone who pollutes Lake Michigan were allowed to say its discharge is an insignificant contribution ... and that no one is really hurt by it, then no polluter could ever be restrained and it is only on the theory that each pollution, when considered as part of the total pollution that is discharged into the lake, is a restrainable act that the whole concept of protection of the environment through injunctive relief makes any sense.[43]

Framing the question, indeed, as a choice between a "likelihood of" and "actual" dilution sets up an irrelevant dichotomy. While likely confusion may be established with respect to an "appreciable number" of consumers, that threshold is "quite low," and a "higher standard should be employed to gauge" the "extraordinary remedy" of dilution.[44] As the Trademark Trial and Appeal Board thus recently

PEPSI cannot directly cue the COKE **mark** (there is no similarity between the two); rather, PEPSI cues the cola **category** it shares with COKE, and category dilution occurs (COKE is no longer the single cola product in the consumer's mind). Category dilution is not actionable because "[s]haring in the goodwill of an article ... is the exercise of a right possessed by all," *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 122 (1938), and category association must be eliminated from a brand study. Swann, *Dilution 2002*, 92 TRADEMARK REP. at 619-20. When, however, a junior use cues a famous **mark**, the "distinctiveness" of the **mark** is lessened. DUPONT for shoes **is** "actionable," and ascertaining whether a junior use, **in the abstract**, brings a famous brand to mind is directly probative: it tests the strength and singular recall of the famous brand and avoids the possibility of false association from the survey's design. *Id.* at 620 n.214.

[43] *McDonald's Corp. v. Gunville*, 1979 U.S. Dist. LEXIS 11106, at *8-9 (N.D. Ill. 1979).

[44] Trademark Review Commission, 77 TRADEMARK REP. at 461.

noted, a "lessening" of distinctiveness occurs "when a **substantial percentage** of consumers, upon seeing the junior party's use of a mark on its goods, are immediately reminded of the famous mark and associate the junior party's use with the owner of the famous mark."[45]

The word "likelihood," therefore, is extraneous to the analysis: a junior use either **substantially** triggers a senior use, **or it does not**. A junior use that instantly brings a famous mark to mind "causes dilution," defined as a lessening of a capacity to identify. A junior use that does not substantially tap into the memory traces of a famous mark is benign.

Used in connection with the separate concept of infringement, "likelihood" is necessary to define the reach of the remedy: trademark rights are usurped when there is likelihood of, not actual, confusion. Used in connection with dilution, "likelihood" is superfluous: a junior use, in fact, "causes dilution" when, by reason of its substantial association with a famous mark, there is, inherently and instantly, a "lessening of the capacity of the famous mark to identify."[46] Given the clear signals transmitted by the Trademark Review Commission and Congress when they truly intended to limit the first Model Act's reach (by focusing on "famous" marks), the suggestion that both entities essentially nullified the dilution doctrine by omitting, without fanfare, a single, **alien** word, carries literalism beyond logic.[47]

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[45] *Toro v. ToroHead*, 61 U.S.P.Q.2d at 1183 (emphasis added).

[46] Petitioners' effort, *passim*, to draw parallels between "causes dilution" and "likelihood of confusion" is thus a true "apples and oranges" endeavor. Petitioners' Brief at 46.

[47] *See* Matthew S. Voss, *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev. & Nabisco, Inc. v. PF Brands, Inc.*, 15 BERKELEY TECH. L. J. 265, 278-79 (2000). "Likelihood" is also missing from the *revised* Model Act; the revised Act would not have been adopted had INTA understood it to eviscerate, rather than "augment," a dilution remedy; and the revised Act has not received the Fourth Circuit's limiting construction. *See Big Y Foods, Inc. v. Retail Mktg. Network, Inc.*, 1995 U.S. Dist. LEXIS 2498, at *9-10 (D. Mass. 1995)

In thus concluding that a requirement of "actual harm" to a "senior mark's economic value" "does not leap fully and immediately from the statutory text" of the FTDA, 170 F.3d at 453, the Fourth Circuit states the obvious. In finding that such a requirement is dictated by the history of dilution theory, the Fourth Circuit is in error. While it might have been radical in 1927 to define dilution as a "mental association" that attacks a senior mark's "distinctiveness," 170 F.3d at 453, 459, the law has evolved from *Yale Electric* (recognizing the reputational value of marks) to *Mishawaka* (appreciating the "drawing power of a congenial symbol") to *James Burrough* (noting the significance of brand fame) to *Abercrombie* (noting the significance of singularity) to *Allied Maintenance* (highlighting the "ultimate effect" of proliferated junior uses) to *U.S. Olympic Committee* (constitutionally sanctioning "limited property right[s]" in words).

Requiring proof of actual harm for a concept that was conceived to free famous marks from the shackles of "concrete injury" would be the ultimate oxymoron. Rather, history teaches, and **this Court has recognized**, that a substantial mental association with a junior use suffices, without more, to "lessen the distinctiveness and thus the commercial value" of a qualifying symbol. 483 U.S. at 539.

II. The Logic of the Lanham Act

A. The Confusion-to-Dilution Continuum

Demanding proof of actual harm as a predicate for dilution's invocation contravenes, moreover, the logic of the Lanham Act – and the evolution of federal trademark legislation. Under common law, infringement liability depended, as noted above, on proof that defendant had diverted sales[48] from plaintiff. Unless parties were in direct competition, li-

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(interpreting CONN. GEN. STAT. § 35-11i(c)); *R.L. Winston Rod Co. v. Sage Mfg. Co.*, 838 F. Supp. 1396, 1399 (D. Mont. 1993) (interpreting WASH. REV. CODE § 19.77.160).

[48] *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*, 138 U.S. 537, 546 (1891).

ability for unfair competition was a practical impossibility.[49]

In 1946, however, Congress **adopted** the Lanham Act to protect marks more broadly from **likely** confusion, fully appreciating that proof of actual harm is "notoriously difficult." 4 MCCARTHY, TRADEMARKS, § 30.58. Under the Act's statutory causes of action for infringement, neither lost sales nor actual confusion are requisites for relief.[50]

In its 1995 addition of the FTDA, Congress then **expanded** the Lanham Act to protect **famous** marks "regardless of" likely confusion, necessarily appreciating that actual harm would be even **less** "immediate and ... measurable."[51] As Congress noted, the concept of dilution recognizes the "investment" in a mark and the "commercial value and aura of the mark itself," protecting both from those who would "appropriate the mark for their own gain." H. R. REP. NO. 104-374, at 3, *reprinted in* 1995 U.S.C.C.A.N. at 1030.

The relationship between traditional infringement actions and section 43(c) thus reflects a congressional intent in enacting the latter provision to extend a special degree of protection to famous and distinctive marks. *Id.* The owners of less distinctive marks have always been able to avail themselves of protection under the likely confusion test for infringement without the need for a demonstration of lost sales. If such a showing is, however, a prerequisite for relief under federal dilution law, the adoption of dilution as an **expanded** basis for relief will have been a meaningless exercise. As the Seventh Circuit has noted in harmony with the Sixth, "[i]t is hard to believe that Congress create[d] a right of action but at the same time render[ed] proof of the plaintiff's case all but

[49] *See, e.g., Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 F. 510 (7th Cir. 1912) (BORDEN used for milk and ice cream).

[50] *See, e.g., Lois Sportswear, U.S.A., Inc.*, 799 F.2d 867, 871 (2d Cir. 1986) (confusion among non-purchasers actionable); *Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Ctr.*, 109 F.3d 275, 284 (6th Cir. 1997) ("lack of [actual confusion] evidence is rarely significant").

[51] *See Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480, 484 (7th Cir. 1988).

impossible." *Eli Lilly v. Natural Answers*, 233 F.3d at 468.[52]

B. Dilution in the Trademark Office

The logical propriety of the standard adopted by the Court of Appeals below is further reflected in congressional authorization of dilution-based actions in the context of the trademark registration process. Under section 1(b) of the Lanham Act, 15 U.S.C. § 1051(b), an applicant may apply to register its mark with the Trademark Office prior to actual use. Before 1999, grounds for opposing such an application were limited to those set forth in section 2 of the Act, which did not include dilution. *See* 15 U.S.C. § 1052. In that year, however, Congress enacted the Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218, which revised section 13(a) to read as follows: "Any person who believes that he would be damaged by the registration of the mark upon the principal register, **including as a result of dilution under section 43(c)**, may ... file an opposition...." 15 U.S.C. § 1063(a) (2000) (emphasis added).

Two observations emerge:

1. Because section 13(a) of the Act recognizes dilution as a ground for opposing intent-to-use applications, a context in which no "actual harm" to a famous mark can have occurred, it is apparent that Congress intended that section 43(c) address incipient injury. The legislative history is replete with references to that proposition, *e.g.*:

> Resolving the issue [in the Trademark Office] would provide certainty to competing trademark interests, **before applicant has invested significant resources in its proposed mark, and before dilution-type damage has been suffered in the marketplace by the owner of the famous mark**.

H. R. REP. NO. 106-250, at 5-6 (1999) (emphasis added).

[52] While proof of actual harm "cannot be considered impossible," *Ringling Bros. v. Utah*, 170 F.3d at 464, it is likely that Congress intended to prevent "harm before it occurs." *Nabisco v. PF Brands*, 191 F.3d at 224.

2. The Solicitor General's construction, however, that section 43(c) addresses incipient harm **only** in the Trademark Office creates its own anomalies (apart from a want of reasoned underpinnings):

a. The suggestion would discourage applications to register possibly dilutive marks and **reduce** the Trademark Office's involvement in dilution determinations.
b. In addition, the Trademark Office decides only the right to register, not the right to use,[53] creating the possibility of divergent results in divergent forums.
c. Finally, all Office actions ultimately are reviewable *de novo* by federal courts,[54] creating uncertainty, *e.g.*, as to which standard should apply when a refusal to register a mark, as to which use has begun, is removed to a federal arena.

The standard should thus be uniform, modified only to reflect the stage at which a junior use is encountered: (i) in District Court, an **actual** use "causes dilution" when it is associated with a famous mark, "lessening" its distinctiveness; and (ii) in the Trademark Office, an intent to use "causes dilution" when, **upon use**, it **will be** associated with a famous mark, "lessening" its capacity to identify. Congress, therefore, used the future tense in section 13(a) to accommodate future-use applications, not to compensate for omission of the word "likelihood"; and in **all** venues, to iterate, dilution should hinge on whether **or not** "a substantial percentage of consumers, upon seeing the junior party's use on its goods, are immediately reminded of the famous mark."[55]

C. The Remedial Scheme

Finally, legislative intent may be derived from the remedial scheme Congress adopted. For infringement causing a likelihood of confusion, Congress erected a special damage provision in recognition of the difficulty of proving actual damage by a defendant's conduct.[56] Other, however, than with respect to intentional dilution, Congress afforded only an injunctive remedy as a dilution antidote,[57] thus fully appreciating that actual harm from a "single bee sting"[58] is not only difficult to prove – it is nonexistent.

D. Summary of Lanham Act Considerations

From the foregoing analysis of the Lanham Act, four irrefutable propositions emerge:

1. Congress knew that proof of actual harm even in the company of "likelihood of confusion" is problematic.
2. Congress necessarily appreciated that proof of actual harm would be essentially impossible where, by definition, likely confusion is absent.
3. By failing, indeed, to extend the special damage section for infringement to dilution, Congress recognized that dilution is not likely, at least in the near term, to cause even difficult-to-prove damage.
4. To argue that Congress intended dilution as a greater bar to registration than to actual use is neither reasoned nor reflective of the Trademark Office's limited role in ultimate use determinations.

Accordingly, the need for "actual harm" not only fails to "leap" from the Lanham Act; it is rejected at every turn. Read together, sections 43(c) and 45 cannot be construed to require that a junior use be of such intensity and duration as to have actually impaired the commercial magnetism and selling power of a famous mark. Those who question dilution's scope are thus reduced to the plaint that it "is designed

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[53] *In re McGinley*, 660 F.2d 481, 484 (C.C.P.A. 1981).
[54] *See generally* 15 U.S.C. § 1071(b) (2000); *Freedom Sav. & Loan Ass'n v. Way*, 757 F.2d 1176, 1180 (11th Cir. 1985).
[55] *Toro v. ToroHead*, 61 U.S.P.Q.2d at 1183.
[56] *See* 15 U.S.C. § 1117 (2000).
[57] *See id.* § 1116(a).
[58] *See supra*, note 40.

solely for the benefit of sellers [and] offers no benefit to the consuming public,"[59] but even that concern is uninformed:

> as the subject matter of commercial transactions becomes each decade more complex and less tangible,[60] the need for strong, unique signals as an aid to "informed purchasing decisions" becomes more central.[61] "In consumers' hectic lives today, the shortage of time requires that brands help 'edit' the overwhelming array of choices in a crowded marketplace."[62] .... Those, who criticize dilution as protection only for a mark, not a market, [thus] take too narrow a view. "More than ever, strong brands are simplifiers,"[63] and [preserving their] communicative clarity is a public, not a private, good.[64]

Because "[a] unique brand name and cohesive brand identity are probably the most powerful pieces of information for consumers,"[65] that "reduce [to a minimum a] customer's costs of shopping and making purchasing decisions,"[66] "sound public policy requires that trademarks [that meet dilution's stringent test] receive nationally[, more than other marks,] the greatest protection that can be given them."[67]

[59] *TCPIP Holding Co. v. Haar Communications Inc.*, 244 F.3d 88, 95 (2d Cir. 2001).

[60] Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L. J. 1687, 1693 (1999).

[61] Kathleen McCabe, *Dilution by Blurring: A Theory Caught in the Shadow of Trademark Infringement*, 68 FORD. L. REV. 1827, 1831 (2000).

[62] DUANE E. KNAPP, THE BRAND MINDSET 176 (2000). As a simple example, a large supermarket will carry 20,000 items through which the average shopper must sort in forty-five minutes, without assistance, to fill a cart with purchases for the week, and only with clear brands and packaging is the process possible. J. PAUL PETER & JERRY C. OLSON, CONSUMER BEHAVIOR AND MARKET STRATEGY 34, 114-15 (5th ed. 1999).

[63] STEVEN M. CRISTOL & PETER SEALEY, SIMPLICITY MARKETING 23 (2000) ("In the context of too much choice, brand is the most efficient path to satisfaction and tension release. Brands are playing a bigger role as the exasperated consumer's ... shortcut to a purchase decision.")

[64] Swann, *Dilution 2002*, 92 TRADEMARK REP. at 603-04.

[65] Jacoby, *Psychological Foundations*, 91 TRADEMARK REP. at 1025.

[66] *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163 (1995).

III. Basic Trademark Economics

Beginning in their Summary of Argument, petitioners warn that recognition of "in gross" rights in a trademark will confer a "monopoly" – a "patent in a word." (Petitioners' Brief at 8-10.) They later argue that dilution protection may ""swallow up [or block] competition"" (*id.* at 20, 41), and in their penultimate heading, they assert that the "**Second Circuit's *Nabisco* Standard ... Is Anti-Competitive.**" (*Id.* at 45.) Such argument is pure hyperbole.

A trademark confers rights only in the good will generated for a symbol, not in the underlying good itself.[68] The assertion that the mere words, "Victoria's Secret," **alone** confer a **non**reputational ability on their owner to stifle others in lingerie is contradicted by its own statement, and no market has ever been defined as narrowly as a trademark.[69]

[67] *See Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 193 (1985).

[68] For decades, of course, trademark good will has fetched billions of dollars in open-market transactions, *see The Year of the Brand*, THE ECONOMIST 95 (Dec. 24, 1988), but good will is a "fragile asset[]." Trademark Review Commission, 77 TRADEMARK REP. at 456. In the 1970s, for example, the Joseph Schlitz Brewing Company, with the number two beer brand in the nation, sacrificed its good will in the name of profits. It changed the ingredients and process by which it made beer and sabotaged its reputation for quality. It then tried to recreate itself by returning to its original formulation, and in 1980, it spent $4 million on Super Bowl spots showing that tasters preferred its product in blind tests, but it was too late. Anheuser-Busch and Miller had already repositioned and leapt ahead in market share, cannibalizing Schlitz's core blue-collar market. DAVID A. AAKER, MANAGING BRAND EQUITY 78-85 (1991). Schlitz thus went from being one of dilution's poster children (cited as an example of a famous mark that its owner could prevent being used on varnish, *Hormel Foods Corp. v. Jim Henson Prods.*, 73 F.3d 497, 506 (2d Cir. 1996)), to being a "one-billion dollar marketing disaster." DAVID A. AAKER & ERICH JOACHIMSTHALER, BRAND LEADERSHIP 20 (2000).

[69] MCCARTHY, TRADEMARKS, § 2.05.

Petitioners thus would take this Court back to the 1930s when adherents of the Harvard school of economics theorized that "[b]y successfully differentiating a standardized product ... and achieving brand loyalty through advertising, a producer could insulate his market share from price competition [and create high barriers to entry]."[70] Edward Chamberlain was, indeed, so fearful of brand marketing that he urged "permitting unlimited confusion through imitation, so that it would be almost impossible to accomplish advertising differentiation."[71]

Harvard school thinking still influences some writers in the trademark arena,[72] and some courts still worry about creating "property rights in gross" in a word.[73] Today, however, under the influence of the "Chicago school,"[74] courts appreciate, as did the Trademark Review Commission,[75] that "[t]he distinctive yet pronounceable combinations of letters to form words that will serve as a suitable trademark are as a practical matter infinite."[76] A once "hostile view of brand advertising has been largely ... rejected,"[77] and in enacting

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[70] Daniel M. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADEMARK REP. 305, 330 (1979).

[71] Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165, 1195 n.126 (1948) (Chamberlain wanted to "scrap the identification function [of marks], leaving the public to be protected against debased imitations by standard grades").

[72] See, e.g., Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 861 n.422 (1997), referring to Chamberlin as if he were still a "leading authority on product differentiation as a barrier to competition," and engaging in flawed economic analyses. Swann, Dilution Redefined for the Year 2000, 90 TRADEMARK REP. 823, 830 n.42 (2000).

[73] *Ringling Bros. v. Utah*, 170 F.3d at 456.

[74] *See* William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267 (1988).

[75] Trademark Review Commission, 77 TRADEMARK REP. at 457.

[76] Landes & Posner, *Economics*, 78 TRADEMARK REP. at 276; *see also* Swann, *Dilution 2000*, 90 TRADEMARK REP. at 828 n.32.

[77] Landes & Posner, *Economics*, 78 TRADEMARK REP. at 277.

the Lanham Act, Congress recognized that brands, by giving consumers a means to choose between goods, are "the essence of competition."[78] Brands, *inter alia*: (i) enhance consumer efficiency;[79] (ii) foster quality control;[80] (iii) afford a wider spectrum of goods;[81] (iv) facilitate entry;[82] and (v) further competitive pricing.[83]

Famous brands are "cultural icons"[84] that, *alone*, convey information about a product's "features and benefits":[85] about, *e.g.*, its performance,[86] provenance,[87] personality,[88] price,[89] and panache.[90] Such brands are hugely powerful data clusters that, to repeat, reduce to a minimum a "'customer's

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[78] S. REP. NO. 1333 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1275. In the absence of trademarks, consumers:

> could only learn about the quality distribution of the industry as a whole, [and] a manufacturer would gain little or nothing from improving his product's quality. Consumers would be unable to recognize high- or low-quality brands, so sales would tend to go to manufacturers who reduced their price by cutting corners on quality. The result would be a race to produce inferior products, rather than competition to produce better ones.

RICHARD CRASWELL, TRADEMARKS, CONSUMER INFORMATION, AND BARRIERS TO COMPETITION 7 (1979).

[79] *See Scandia Down Corp. v. Euroquilt, Inc.*, 772 F.2d 1423, 1429-30 (7th Cir. 1985).

[80] *See Fabrication Enters. v. Hygenic Corp.*, 64 F.3d 53, 58 (2d Cir. 1995) (noting that without brands, "informed consumer choice, and hence meaningful competition in quality, could not exist").

[81] Nicholas S. Economides, *The Economics of Trademarks*, 78 TRADEMARK REP. 523, 525-27 (1988).

[82] *See* McClure, *Unfair Competition*, 69 TRADEMARK REP. at 345-47.

[83] Jerre B. Swann, David A. Aaker & Matt Reback, *Trademarks and Marketing*, 91 TRADEMARK REP. 787, 803-05 (2001).

[84] *See* Steven Hartman, *Brand Equity Impairment – The Meaning of Dilution*, 87 TRADEMARK REP. 418, 420 n.5 (1997).

[85] *See* BERND H. SCHMITT, EXPERIENTIAL MARKETING 13-14 (1999).

[86] A BMW is the "ultimate driving machine."

[87] JACK DANIELS is Tennessee "sippin'" whiskey.

[88] SONY is innovative.

[89] MARRIOTT and MOTEL 6 generate separate price expectations.

[90] RITZ CARLTON is luxurious.

costs of shopping and making purchasing decisions.'"[91] Consumers, quite simply, are richer (and can proceed with greater efficiency and confidence) in the presence of "Ivory, Camay, Tide, Cheer, ... Secret [and] Sure" than if confronted by "P&G bar soap [I and II], P&G laundry detergent [A and B], ... [and] P&G deodorant [for women and for men]."[92]

Given, indeed, the gestalt of famous brands, dilution is necessary to prevent others, intentionally or not,[93] from sharing in their "magic,"[94] from capturing their "ready-made public acceptance."[95] In, for example, a notable moment of candor in trademark annals, the defendant in *Federal Express Corp. v. Federal Espresso, Inc.*, 201 F.3d 168, 170 (2d Cir. 2000) admitted thinking that "'Federal Espresso' would be an easy name to remember [for a coffee shop] because of its similarity to the name 'Federal Express,' which she knew to be a well-known ... trademark." As noted above, HERBOZAC was chosen to trigger the properties of PROZAC.[96]

[91] *Qualitex v. Jacobson*, 514 U.S. at 163-64.
[92] DAVID A. AAKER, MANAGING BRAND EQUITY 226-27 (1991).
[93] Petitioners assert that their selection of "Victor's Secret" was a "complete coincidence," but the "notable similarity between the two marks alone is enough to call into question Defendants' explanation." *V Secret Catalogue, Inc. v. Moseley*, 54 U.S.P.Q.2d 1092, 1095 (W.D. Ky. 2000).
[94] *Augusta Nat'l, Inc. v. Northwestern Mut. Life Ins. Co.*, 193 U.S.P.Q. 210, 219-220 (S.D. Ga. 1976).
[95] *See* Note, *Dilution: Trademark Infringement or Will-O'-the-Wisp?*, 77 HARV. L. REV. 520, 526 (1964). Numerous cases have afforded dilution-type relief to prevent misappropriation of commercial values. *Univ. of Ga. Athletic Ass'n v. Laite*, 756 F.2d 1535, 1545-46 (11th Cir. 1985) ("Battlin' Bulldog Beer" sold "not because the beer tastes great, but because the cans would catch the attention of University of Georgia football fans"); *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 35 (1st Cir. 1989) ("defendants intentionally referred to the Boston Marathon . . . in order to create an identification with the event and, thus, to sell their shirts"); *Boston Prof'l Hockey Ass'n. v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004, 1012 (5th Cir. 1975) (even absent confusion, "the trademark, originated by the team, [was] the triggering mechanism for the sale").
[96] Fair comparative advertising is the sanctioned alternative to the misappropriation of brand associations. 15 U.S.C. § 1125(c)(4)(A) (2000).

It was early appreciated intuitively,[97] and has recently been confirmed empirically,[98] that a junior use obtains "an unfair advantage ... from the good will created by [a] plaintiff in a [famous] name."[99] Dilution thus has its "roots in the idea that investments in the future of a brand that make it appealing to consumers should not be undermined by others who seek a free ride, whether on the work that produced the goodwill underlying the mark or on the mark itself."[100]

Many courts intuitively reject conduct that affords a "junior user an apparently unearned advantage,"[101] and as this Court implicitly recognized in *U.S. Olympic Committee*, citing *Int'l News Service*, dilution is a form of misappropriation of the strong "memory traces" that famous marks create in the minds of consumers.[102] Not all misappropriation is actionable,[103] but both a famous trademark's owner and consumers are entitled to be protected from the interference with the processing of valuable brand information[104] that results when a junior use brings a famous mark to mind. Both owner and consumers are harmed when "another poaches on

[97] *See Tiffany & Co. v. Tiffany Prods., Inc.*, 264 N.Y.S. 459, 462-63 (Sup. Ct.), *aff'd*, 260 N.Y.S. 821 (App. Div.), *aff'd*, 188 N.E. 30 (N.Y. 1933).
[98] *See* Morrin & Jacoby, *Dilution*, 19 J. PUB. POL'Y & MKTG. at 273.
[99] *See also* KEVIN L. KELLER, BUILDING, MEASURING AND MANAGING BRAND EQUITY 104 (1998) ("All else equal, it will be easier for consumers to create an association to new information when extensive, relevant knowledge structures already exist in memory."). Junior users have an empirically demonstrated incentive to trade on the memorability of a famous mark. Swann, *Dilution 2002*, 92 TRADEMARK REP. at 611-12.
[100] Stephen L. Carter, *The Trouble with Trademark*, 99 YALE L.J. 759, 766 (1990); *see Mattel v. MCA*, 2002 U.S. App. LEXIS 14821, at *21.
[101] David S. Welkowitz, *Reexamining Trademark Dilution*, 44 VAND. L. REV. 531, 585 (1991).
[102] Swann, *Dilution 2002*, 92 TRADEMARK REP. at 624.
[103] For example, "Sweat of the brow" is not a basis for copyright relief. *Rural Tel. Serv. Co. v. Feist Publications, Inc.*, 499 U.S. 340, 352-56 (1991).
[104] Morrin & Jacoby, *Dilution*, 19 J. PUB. POL'Y & MKTG. at 269.

the commercial magnetism of a [famous] symbol."[105]

CONCLUSION

For the reasons set forth above, INTA urges this Court to affirm the Court of Appeals.

Respectfully submitted,

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[105] *Mishawaka v. Kresge*, 316 U.S. at 205.